

METRO

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Section B

Salt Lake County

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Kennecott closing downtown offices

75 local managers to lose jobs as owner RTZ-CRA makes changes worldwide.

By Max Knudson
Deseret News business editor
and Linda Thomson
Deseret News business writer

Kennecott Corp. is closing its downtown Salt Lake headquarters and laying off about 75 managers

as part of a corporate restructuring taking place on a global level by the firm's owner, RTZ-CRA.

The change marks a dramatic departure for an entity that in many ways symbolized Utah and employed many of its citizens for decades.

The move also presents a dilemma for rank-and-file workers who will find their top corporate management located on other continents.

The changes are intended to produce greater efficiency for RTZ-CRA, the world's largest mining group.

Gov. Mike Leavitt said Wednesday he had been apprised of the closure decision and expressed optimism that the impact would be minimal.

"We regret the loss of jobs, but we have been assured that there will be very little impact beyond that immediate loss," said Leavitt.

"Kennecott will continue to have a strong presence in the Utah economy."

Salt Lake Mayor Dee Dee

Corradini was out of town Wednesday and unavailable for comment.

Clay Landa, chairman of the Utah Mining Association, said he had learned of the decision shortly before being contacted by the Deseret News and said it was unclear what the impact will be on the

UMA.

"I get the feeling that the impact won't be great, at least initially,"

said Landa. "From a managerial standpoint, Kennecott has sufficient people here that their policies will carry on. It will just be under a different organization. But we have a lot of questions, too."

Other labor leaders said they are worried about this latest move.

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KENNECOTT

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"It is a matter of concern to us," said Wayne Holland, staff representative for the United Steelworkers of America. "It could be frustrating for us to have the top-level people not even on the same continent."

Alexis Fernandez, Kennecott's director of public affairs, said RTZ-CRA is going to reorganize the company globally along production lines — copper, iron ore, gold, aluminum.

"Previously, it was geographical. Now what is happening is that the Kennecott Utah Copper Corp.

will report directly to London," said Fernandez. "Along with the copper group in Utah, the copper group in Chile and Brazil and everywhere else will report to London," she said.

Meanwhile, the conglomerate's coal properties in Wyoming, Colorado and Montana will report directly to Melbourne, Australia, which is where the coal group is headed, Fernandez said.

RTZ, a London-based mining company, merged with Australian-based CRA about 18 months ago.

"What happened at that time is because they have so many operations that produce similar commodities, it is more efficient for them to realign along product

lines," Fernandez said. "Instead of a North America group that produces copper and coal and an Australian group that produces copper and coal, they will manage those operations out of the London and Melbourne offices."

"The consequence of this is that a lot of Kennecott headquarters functions are no longer necessary," she said.

However, local copper mining and processing work still will be managed locally, she said.

"Kennecott Utah Copper will have a headquarters office in Magna. A lot of those functions will be just basically for Kennecott Utah Copper instead of on a corpo-

rate level."

A small service group of people from corporate headquarters that do accounting, taxation and legal services will be based in Magna.

"It will not affect the Bingham Canyon operation at all," Fernandez said.

Kennecott's history in Utah goes back to 1887 when copper was discovered in Bingham Canyon. In 1903, the Utah Copper Co. was born at a hillside conference between five men. By 1908, surface mining was well under way.

The name Kennecott was derived from the misspelling of scientist and Alaskan mining pioneer Robert Kennicott's name.

NEWSLINE

Leavitt OKs 5¢ tax boost on gas and cuts sales levy

Gov. Mike Leavitt signed a package of transportation bills Wednesday, including a 5-cent-per-gallon tax increase and an eighth-cent sales tax cut passed by the 1997 Legislature. Both the tax increase and cut take effect July 1.

Leavitt said the 10-year, \$2.6 billion road rebuilding program "is without rival" in the state's history. The massive Central Utah Project, which moves water across a